Receipt and payment account is a summary ofcash receipts and payments during the accounting period. It records all cash receipts and cash payments including capital receipts and revenue revenue receipts irrespective of accounting period. All cash receipts are recorded on debit side or receipts side and all cash payments are recorded on credit or payments side of receipts and payments account.  
  
  
  
**1. Summary Of Cash Transactions**  
All cash receipts and payments made by the concern during the accounting period are recorded in this book. Therefore, receipts and payments account can be taken as a summary of cash transactions.  
  
**2. Cash And Bank Items In One Column**  
All receipts either cash or bank are recorded in receipts column of receipts side where all cash andbank payments are recorded in one column of payment column of receipts and payments account. The cash and bank transactions are merged to avoid contra entries of cash and bank transactions.  
  
**3. No Distinction Between Capital And Revenue**  
All cash receipts and cash payments irrespective of capital and revenue nature are recorded in receipts and payments account. No distinct is made for capital receipts , revenue receipts, capital expenditures and revenue expenditures.

**4. Opening And Closing Balance Of Cash**  
Receipts and payments account starts from opening balance of cash and bank ends with the closing balance of cash and bank.  
  
**5. Recording Of Cash Receipts And Payments**  
All cash and cheque receipts are recorded on debit side where as all cash and cheque payments are recorded on credit side of receipts and payments account.  
  
**6. Ignores Non-cash Transactions**  
Receipts and payments account does not record non-cash transactions.

**Receipt and Payment Account  
For the Year Ended 31.12.2005**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Receipts** | **$** |  | **Payments** | **$** |
| Balance b/d | 5,000 |  | Supports equipment | 7,000 |
| Subscription: |  |  | Salaries & wages | 3,000 |
| 2004 | 2,000 |  | Office expenses | 400 |
| 2005 | 10,000 |  | Electric charges | 600 |
| Donation | 1,000 |  | Telephone charges | 600 |
| Entrance fees (To be capitalized) | 2,000 |  | Balanced c/d | 8,400 |
|  |  |  |  |  |
|  | 20,000 |  |  | 20,000 |
|  |  |  |  |  |
|  |  |  |  |  |

1. In 2004 subscription for 2005 was received $1,000.
2. Outstanding subscription $1,500
3. Outstanding salaries & wages $ 1,000.
4. Depreciation to be charged @ 20% on sports equipments.

**Income and Expenditure Account  
For the Year Ended 31.12.2005**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Receipts** |  | **$** |  | **Income** |  | **$** |
| Salaries & wages | 3,000 |  |  | Subscription | 10,000 |  |
| Add outstanding | 1,000 | 4,000 |  | Add received in 2004 | 1,000 |  |
|  |  |  |  | Add accrued | 1,500 | 12,500 |
| Office expenses |  |  |  |  |  |  |
| Electric charges |  |  |  | Donation |  | 1,000 |
| Telephone charges |  |  |  |  |  |  |
| Depreciation on sports equip. |  |  |  |  |  |  |
| 20% of 7,000 |  | 1,400 |  |  |  |  |
| Surplus i.e. excess of income over expenditures |  | 6,500 |  |  |  |  |
|  |  |  |  |  |  |  |
|  |  | 13,500 |  |  |  | 13,500 |
|  |  |  |  |  |  |  |

**Note:**

Rate of depreciation on sports equipment is 20% (not 20% p.a). so the amount of depreciation will be $1,400 (20 % of 7,000). The date of purchase is immaterial here.